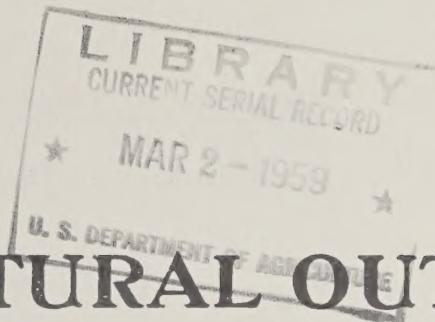


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Rising hog marketings are pushing livestock slaughter and meat production above 1958 levels, ending a two-year decline.

Hogs from the large 1958 fall crop--up 17% from a year earlier--are coming to market. Large slaughter supplies next fall are assured by farmers' plans to produce 13% more pigs than in the spring of 1958.

The prospective increase in this spring's pig crop is the largest since 1955, the year when farmers' prices plunged from an average of \$17.70 in June to a low of \$10.60 in December. But outlook is for higher prices this fall than in fall of 1955, for two reasons:

First, monthly distribution of spring farrowings will be much smoother. Data for 9 States indicate that farrowings for December-February, first half of spring season, may be 29% above those of 1955 ... March-May farrowings 13% less. More even distribution of farrowings points to more even distribution of marketings ... reduces possibility of big bulge next November-January.

Second, while spring crop in prospect is 2% larger than that of 1955, population is up considerably more. Thus, pork supply per person will be smaller than 4 years ago. Supply of beef per person also is down.

Impact of bigger supply on farmer's hog prices will be substantial. They will be considerably lower than in 1958 when they averaged highest in 4 years. But a decline as severe as in 1955 is unlikely. Prices probably will fall to a lower level in the early part of this year ... changes after that probably will approximate usual seasonal pattern.

Only small gain in cattle slaughter is likely this year. Slaughter of fed cattle, at heavy weights, will be large early in 1959. Slaughter of other classes probably will remain cyclically low through the year. A slow decline in fed cattle prices to a lower level than last year is likely this winter. But this summer they may rise above 1958.

Higher production of most other livestock products is in prospect.

Egg production in December was about 4% higher than in December, 1957 ... is expected to stay above 1958 throughout the year. Prices are likely to be below 1958 through the spring. Feed prices are a little higher than a year ago.

Lower prices are likely to cause poultrymen to raise fewer chickens for laying flock replacement than in 1958. By year's end, flock may be smaller than a year earlier. But upward trend in rate of production per bird probably will hold egg output above 1958 throughout this year.

Increased turkey production is under way. Supplies will be particularly large the next 4 or 5 months. Poult hatchings since last September 1 have been 54% above year earlier and storage stocks are large. For the year, the crop probably will exceed 1958, though by a smaller margin than the early crop.

Broiler supplies through April will run around 15% above a year ago, according to information on chick placements and egg settings.

Slightly higher milk production in 1959 than in 1958 is in prospect. 1958 production failed to increase for first time in 5 years because of sharp drop in dairy cows on farms. Another drop in milk cows--though less than last year--is expected. But a further increase in output per cow probably will boost total production a little.

FEED. Prices have advanced from the seasonal low of last summer and fall and are generally above a year ago. Index of high-protein feeds in early January was about a fourth higher than a year earlier. December index of feed grains was up 3%. Good demand, higher quality of corn and sorghum grain than last year and large quantities going under support are factors in price rise. Grain prices are nearing support levels and any further price advances in next few months probably will be less than seasonal.

COTTON. Exports have been moving slowly so far this marketing year. August-November total of 916,000 bales was only a little more than half the year earlier figure. Total for the 1958-59 season probably will fall short of the 4 million bales expected earlier. In 1957-58, 5.7 million bales were shipped out. Increased production and reduced consumption abroad, weakness in prices in foreign countries help explain slow U. S. movement.

U. S. mill consumption got off to a slow start this season but in recent weeks has risen above a year earlier. Higher mill margins, low trade inventories, firm consumer demand point to further increases in mill use. Total for 1958-59 is expected to be around 8-1/4 million bales compared with 8 million last year.

TOBACCO. 1958 was a year of high production of the major tobacco products. Production of cigarettes and consumption of cigars and cigarillos were up 4% from 1957 ... cigarettes to a new record of 462 billion ... cigars and cigarillos to nearly  $6\frac{1}{2}$  billion, highest since 1929 figure of 6.8 billion. Both groups are expected to rise further in 1959.

Output of smoking tobacco for pipes and roll-your-own cigarettes jumped 8% from 1957 to 76 million pounds. Increase this year is likely to be smaller. Output of chewing tobacco and snuff both fell about 5% from 1957. Use of former probably will continue to decline in 1959 but snuff may hold fairly steady.

Tobacco production in 1958 was up 5% from 1957 but about a fifth lower than in the early 1950's because of reduced allotments. 1958 crops of several kinds were below estimated use for 1958-59, indicating further reductions in stocks.